

Napa County Economic Forecast

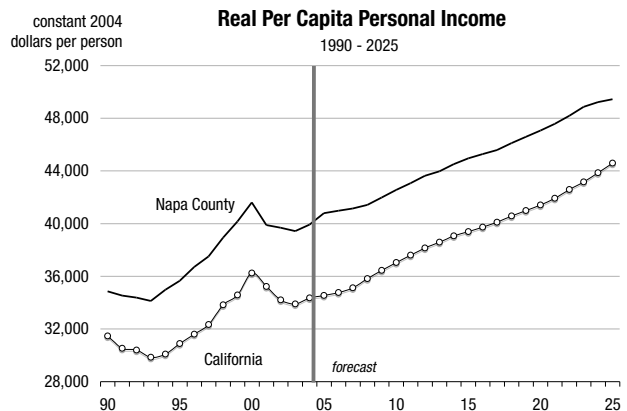
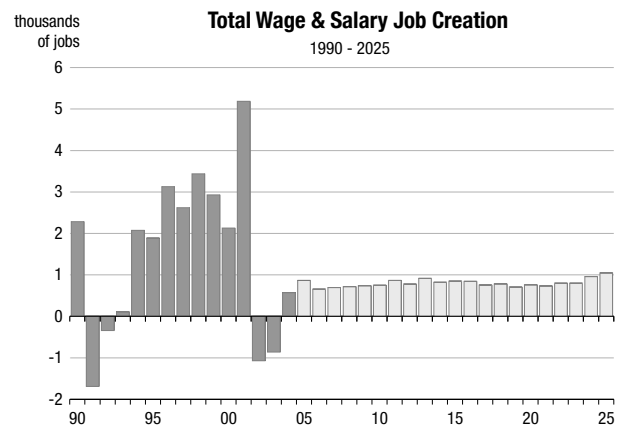
Napa County is located in the San Francisco Bay Area. Napa County is home to the Napa Valley, which is known world wide for its production of wine, and is a popular tourist destination. The economy of Napa County contracted in 2002 and 2003, but began to recover last year. Napa County has a population of over 133,300 people and 65,850 wage and salary jobs. The per capita income in the county is \$39,930, and the average salary per worker is \$40,740. The median family income in the Napa-Solano metro area is estimated at \$73,900 in 2005.

Employment growth in the composite Northern California area remained weak in 2004, as the region continues to recover from the dotcom bust of early 2000. In fact, employment in the Bay Area declined by another 1 percent last year. Napa County is one of the few Bay Area economies to create jobs in 2004. Last year almost 600 jobs were created in the county, representing the first year of job growth since 2001. Non-farm employment increased by 0.7 percent last year. The unemployment rate remained constant at 4.6 percent in 2004.

Construction and manufacturing created the most new employment opportunities last year. These two sectors contributed 560 jobs to total 2004 job creation. Professional services added 100 new jobs last year. Employment in retail trade, on the other hand declined by more than 140 jobs in 2004.

The population continues to grow in Napa County, but the growth rate is modest at just under 1.1 percent. The fastest growing cities in the county are American Canyon and Napa, growing 5.6 and 0.4 percent respectively in 2004.

The economy of Napa County continues to show improvement since the Bay Area downturn of 2000. Employment growth is forecast to remain positive over the next five years, but will not return to the high levels of the late 1990s.



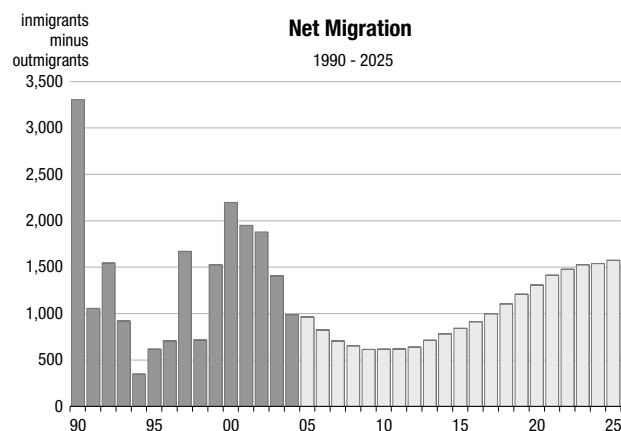
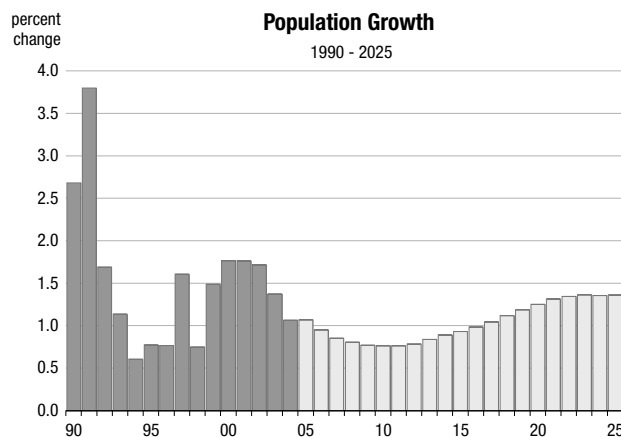
Forecast Highlights

- Job growth will increase in 2005, averaging 1.3 percent. Over the next five years, the average annual growth rate is forecast to moderate to 1.1 percent per year.
- Average salaries adjusted for inflation are currently below the California average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 0.2 percent per year over the next 5 years.
- Between 2005 and 2010, the momentum for employment growth is in professional services and leisure services. These sectors are forecast to account for 72 percent of all job growth in the county during the forecast period.
- Population growth is expected to remain at a rate of 1.1 percent in 2005. Annual growth in the 2005 to 2010 period is forecast to decline to an average of 0.8 percent per year.
- Net migration is forecast to decline in 2005, to approximately 990 people. Net migration will decline over the next five years, averaging 680 people entering the county per year.
- Real per capita incomes increase at a rate of 2.2 percent in 2005. Over the next five years real per capita incomes are forecast to increase approximately 1 percent per year.
- Industrial production is expected to increase 2.8 percent in 2005. Over the next five years the growth rate of industrial production is forecast to increase, with total industrial production rising an average of 3.6 percent per year.

Napa County Economic Forecast

1995-2004 History, 2005-2025 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1995	117,300	619	110.8	44.0	316	\$1.1	\$3.2	\$35,662	2.0	197.3	0.68	6.2
1996	118,200	707	112.8	44.3	232	\$1.2	\$3.4	\$36,714	2.3	202.3	0.77	5.9
1997	120,100	1,672	108.1	44.6	350	\$1.3	\$3.6	\$37,515	3.4	316.4	0.84	5.1
1998	121,000	717	115.0	44.9	483	\$1.5	\$3.9	\$38,943	3.2	242.8	0.95	4.0
1999	122,800	1,527	118.1	45.2	720	\$1.7	\$4.3	\$40,155	4.2	262.9	1.04	3.3
2000	124,970	2,199	122.4	45.4	535	\$1.9	\$4.7	\$41,610	4.5	379.4	1.16	3.2
2001	127,175	1,953	126.8	45.8	907	\$1.9	\$4.8	\$39,894	5.4	379.7	1.18	3.3
2002	129,357	1,881	130.7	46.5	1,194	\$2.1	\$5.0	\$39,678	1.6	399.5	1.21	4.3
2003	131,133	1,408	129.8	47.2	649	\$2.0	\$5.1	\$39,426	1.8	397.5	1.25	4.6
2004	132,530	990	132.2	48.3	933	\$2.0	\$5.3	\$39,929	1.2	398.0	1.34	4.6
2005	133,950	965	133.2	49.3	701	\$2.1	\$5.6	\$40,792	1.7	405.5	1.38	4.4
2006	135,225	825	134.3	50.1	650	\$2.2	\$5.8	\$40,977	2.7	411.6	1.40	4.3
2007	136,378	706	135.5	50.7	621	\$2.3	\$6.0	\$41,152	2.6	422.4	1.46	4.3
2008	137,477	654	136.8	51.4	606	\$2.4	\$6.3	\$41,424	2.6	426.2	1.53	4.1
2009	138,536	615	138.1	52.0	592	\$2.5	\$6.6	\$41,988	2.5	437.1	1.59	4.0
2010	139,596	617	139.4	52.6	584	\$2.6	\$6.9	\$42,563	2.7	449.3	1.65	4.0
2011	140,666	620	140.7	53.2	582	\$2.8	\$7.2	\$43,063	2.7	455.7	1.70	4.1
2012	141,767	640	141.9	53.8	593	\$2.9	\$7.6	\$43,629	2.8	463.3	1.76	4.1
2013	142,957	714	143.1	54.4	599	\$3.0	\$7.9	\$43,970	2.9	473.3	1.82	3.9
2014	144,231	783	144.3	55.0	603	\$3.2	\$8.3	\$44,512	2.9	481.7	1.88	3.9
2015	145,577	842	145.6	55.7	604	\$3.3	\$8.8	\$44,951	3.1	490.5	1.94	3.9
2016	147,012	914	146.9	56.3	603	\$3.5	\$9.2	\$45,284	3.0	499.7	1.99	3.9
2017	148,551	1,000	148.2	56.9	606	\$3.6	\$9.6	\$45,584	2.9	502.5	2.05	3.9
2018	150,212	1,105	149.6	57.5	616	\$3.8	\$10.1	\$46,108	2.7	508.2	2.11	4.0
2019	151,997	1,210	151.1	58.2	627	\$4.0	\$10.6	\$46,589	2.8	514.8	2.17	4.1
2020	153,899	1,308	152.7	58.8	646	\$4.1	\$11.1	\$47,073	2.7	520.8	2.23	4.0
2021	155,923	1,416	154.3	59.5	647	\$4.3	\$11.7	\$47,577	2.6	521.5	2.28	4.1
2022	158,021	1,478	156.0	60.2	649	\$4.5	\$12.3	\$48,191	2.6	526.9	2.31	4.3
2023	160,177	1,528	157.7	60.8	639	\$4.7	\$13.0	\$48,866	2.7	527.2	2.36	4.4
2024	162,351	1,540	159.6	61.5	640	\$4.9	\$13.7	\$49,232	2.7	534.0	2.41	4.4
2025	164,562	1,575	161.5	62.1	644	\$5.2	\$14.3	\$49,441	2.7	540.2	2.48	4.3



Napa County Employment Forecast

1995-2004 History, 2005-2025 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1995	47.7	3.62	1.92	7.4	0.83	5.36	2.27	4.11	0.69	6.3	6.0	8.1
1996	50.9	3.76	2.08	8.3	0.88	5.98	2.28	4.38	0.66	6.5	6.4	8.4
1997	53.5	4.17	2.48	8.6	0.93	6.16	2.31	4.65	0.70	6.7	7.0	8.5
1998	56.9	4.36	2.91	9.4	1.00	6.53	2.52	5.03	0.74	7.2	7.2	8.6
1999	59.9	4.41	3.11	10.0	1.02	6.72	2.61	5.92	0.80	7.3	7.6	9.0
2000	62.0	4.92	3.49	10.3	1.06	7.04	2.63	5.90	0.78	7.3	7.7	9.5
2001	67.2	5.28	3.98	11.0	1.28	7.56	2.83	6.83	0.88	7.9	8.3	9.7
2002	66.1	5.27	4.23	10.9	1.28	7.35	2.96	5.50	0.80	8.1	8.0	9.9
2003	65.3	4.86	4.34	10.5	1.47	7.57	2.66	5.37	0.80	7.8	8.4	9.7
2004	65.9	5.03	4.58	10.8	1.54	7.40	2.44	5.47	0.72	7.9	8.4	9.7
2005	66.7	5.09	4.57	10.8	1.58	7.48	2.42	5.74	0.75	8.0	8.7	9.8
2006	67.4	5.12	4.53	10.7	1.63	7.57	2.40	5.91	0.76	8.1	8.9	9.8
2007	68.1	5.18	4.47	10.7	1.68	7.65	2.37	6.15	0.78	8.2	9.2	9.9
2008	68.8	5.18	4.40	10.6	1.74	7.75	2.42	6.43	0.80	8.2	9.4	10.0
2009	69.5	5.31	4.36	10.5	1.80	7.88	2.43	6.69	0.82	8.1	9.6	10.0
2010	70.3	5.39	4.32	10.5	1.84	7.98	2.49	6.97	0.84	8.1	9.9	10.1
2011	71.2	5.45	4.31	10.4	1.86	8.07	2.53	7.24	0.86	8.2	10.1	10.1
2012	71.9	5.51	4.31	10.4	1.87	8.18	2.51	7.49	0.88	8.4	10.2	10.2
2013	72.9	5.59	4.33	10.4	1.89	8.30	2.53	7.70	0.89	8.6	10.4	10.2
2014	73.7	5.65	4.36	10.3	1.90	8.42	2.50	7.87	0.91	8.9	10.5	10.2
2015	74.5	5.71	4.39	10.3	1.91	8.53	2.51	8.01	0.92	9.3	10.7	10.2
2016	75.4	5.77	4.42	10.2	1.94	8.64	2.53	8.11	0.93	9.7	10.8	10.3
2017	76.1	5.78	4.45	10.1	1.98	8.73	2.53	8.20	0.94	10.1	10.9	10.3
2018	76.9	5.80	4.48	10.1	1.99	8.83	2.55	8.28	0.96	10.5	10.9	10.3
2019	77.6	5.84	4.51	10.0	1.99	8.93	2.56	8.36	0.97	10.9	11.0	10.3
2020	78.4	5.88	4.56	9.9	2.01	9.06	2.59	8.44	0.98	11.3	11.1	10.3
2021	79.1	5.89	4.60	9.9	2.01	9.19	2.58	8.53	0.99	11.8	11.1	10.3
2022	79.9	5.93	4.65	9.8	2.00	9.32	2.57	8.60	1.00	12.3	11.1	10.3
2023	80.7	5.94	4.67	9.8	1.99	9.44	2.59	8.68	1.01	12.8	11.2	10.4
2024	81.7	5.99	4.69	9.9	1.99	9.58	2.63	8.76	1.02	13.3	11.2	10.4
2025	82.8	6.04	4.72	10.0	2.01	9.73	2.68	8.83	1.03	13.8	11.2	10.4

